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REPORT OF THE SECRETARY-GENERAL CONCERNING THE SITUATION IN ABKHAZIA, GEORGIA

I. INTRODUCTION

1. The present report is submitted pursuant to Security Council resolution 1225 (1999) of 28 January 1999, by which the Security Council decided to extend the mandate of the United Nations Observer Mission in Georgia (UNOMIG) until 31 July 1999 and requested me to continue to keep it regularly informed and to report after three months from the date of the adoption of the resolution on the situation in Abkhazia, Georgia. Pursuant to that request, I submitted a report to the Security Council on 21 April 1999 (S/1999/460). The present report provides an update of the situation as of 10 July 1999.

2. UNOMIG continues to be headed by my Special Representative for Georgia, Liviu Bota. He is assisted by the Chief Military Observer, Major General Tariq Waseem Ghazi (Pakistan). The strength of UNOMIG, as of 10 July 1999, stood at 102 military observers (see annex).

II. POLITICAL ASPECTS

3. During the reporting period, my Special Representative, together with representatives of the Russian Federation, in its capacity as facilitator, the Organization for Security and Cooperation in Europe (OSCE) and the group of Friends of the Secretary-General (France, Germany, Russian Federation, United Kingdom of Great Britain and Northern Ireland and United States of America), continued efforts to reduce tension along the ceasefire line, implement confidence-building measures and achieve agreement on the safe return of refugees and internally displaced persons (IDPs) to the Gali district and on the rehabilitation of the economy of Abkhazia, Georgia.

4. The eighth session of the Coordinating Council of the Georgian and Abkhaz sides, chaired by my Special Representative, was held at Sukhumi on 29 April 1999. As at previous sessions, the Georgian delegation was led by State Minister Vazha Lordkipanidze, and the Abkhaz delegation by the de facto Prime Minister, Sergei Bagapsh. Representatives of the Russian Federation as facilitator, OSCE and the group of Friends of the Secretary-General participated in the session.

5. The agenda of the Coordinating Council session included issues relating to the lasting non-resumption of hostilities and security; refugees/IDPs; and economic and social problems. It also included the exchange of information by the two sides concerning missing-in-action cases. After its deliberations, the Council decided, inter alia, to reinvigorate the activities of its three working groups; to discuss further the draft "Protocol concerning a Joint Group for Establishment of Facts concerning Violations of the Moscow Agreement of 14 May 1994 and Terrorist and Subversive Acts"; to continue bilateral talks on the creation of security conditions for returning refugees/IDPs; and to support the activities of the Joint/Bilateral Coordination Commission for Practical Questions and of the respective missing-in-action commissions of the two sides. On the same occasion, the head of the Georgian delegation and representatives of the group of Friends of the Secretary-General met separately with the Abkhaz leader, Vladislav Ardzinba.

6. As part of the Geneva process, my Special Representative convened a meeting of the Georgian and Abkhaz sides on confidence-building measures, led by the State Minister and the de facto Prime Minister, respectively, in Istanbul, at the generous invitation of the Government of Turkey, from 7 to 9 June. The Minister for Foreign Affairs of Turkey Ismail Çem, addressed the participants at the opening and closing sessions. In addition, Abkhaz leader Ardzinba was present in Istanbul and attended the sessions. The Georgian and Abkhaz delegations included military field commanders and others exercising real authority in their respective communities. The meeting focused primarily on the question of the return of refugees and displaced persons, and on economic issues. In addition, participants in the meeting took advantage of the opportunities it afforded for bilateral contacts.

7. At the meeting, agreement was reached, inter alia: (a) to hold a meeting within one week to address the question of the exchange of hostages and detainees; (b) to work with the UNOMIG Chief Military Observer in the joint investigation of incidents that might threaten to destabilize the situation in the zone of conflict; (c) to revive the activity of the working groups within the framework of the Coordinating Council, including the convening of all three groups within one week after the Istanbul meeting; (d) to facilitate the implementation of the 24 September 1998 Protocol concerning the stabilization of the situation along the line of separation of forces; (e) to develop cooperation at the local level, particularly in the economic area; (f) to organize meetings between political and social figures of the two sides; (g) to elaborate and create mechanisms for the regular exchange of information, including for cooperation in the field of the mass media; (h) to exchange information and carry out consultations among the law enforcement organs for the prevention of illegal acts; and (i) to arrange a meeting among representatives of the respective missing-in-action commissions within one month.

8. Subsequently, Working Group I of the Coordinating Council met on 25 June (see paras. 21-22 below). It is envisaged that the ninth session of the Coordinating Council of the Georgian and Abkhaz sides, together with Working Groups II and III, will be convened in early August 1999.

9. In connection with the meeting of Working Group I, the Personal Representative of Abkhaz leader Ardzinba to the peace process, Anri Jergenia,

met separately with the Georgian State Minister, Vazha Lordkipanidze, following an agreement reached by the two during the Istanbul meeting. On the agenda of their tête-à-tête meeting were the issues of the return of refugees/IDPs, a mechanism for joint investigation and the exchange of hostages and detainees. During the course of the meeting the sides made some progress on these issues. Mr. Lordkipanidze and Mr. Jergenia had met earlier in the reporting period, on 26 April in Tbilisi, and had discussed the same three issues.

10. The two meetings on confidence-building measures held to date, in Athens and in Istanbul, were successful in providing a forum for both the development of direct bilateral ties at several levels of society and the elaboration of concrete projects for cooperation in a variety of fields. During the meetings, many of the participants met their former colleagues from the other side for the first time since the end of fighting in 1993. It is envisaged that the next such meeting, which will follow up and expand on the work of the first two, will be convened late this fall in Yalta, at the generous invitation of the Government of Ukraine.

11. On 25 June, UNOMIG facilitated the travel to Tbilisi by the director of an Abkhaz wine-producing firm, who reached preliminary agreements with his Georgian counterparts on plans for business cooperation. Such activities are important for the development of bilateral contacts between the sides, and they work to create vested interests among local residents in the maintenance and growth of peace and stability. The Joint/Bilateral Coordination Commission for Practical Questions, and particularly the efforts of its Executive Secretary, Zurab Lakerbaia, continue to be instrumental in fostering economic cooperation between the sides.

12. Meanwhile, preparatory work continues on the issue of the political status of Abkhazia, Georgia. My Special Representative is working with academic institutions to elaborate specific proposals applicable to the context of Abkhazia, Georgia, concerning the distribution of constitutional competences between Tbilisi and Sukhumi. My Special Representative intends to submit them for the consideration of the sides after having discussed them extensively with the Russian Federation as facilitator, OSCE and the group of Friends of the Secretary-General.

13. During the reporting period, issues related to the settlement of the conflict in Abkhazia, Georgia, were also discussed by representatives of the Georgian side with a number of foreign leaders and officials in the framework of bilateral contacts, as well as in international forums, including the Commonwealth of Independent States (CIS), the North Atlantic Treaty Organization (NATO) and the Council of Europe.

14. On 4 June 1999, at its session in Minsk, the CIS Council of Foreign Ministers reviewed the implementation of the "Decision on further measures to settle the conflict in Abkhazia, Georgia" (S/1999/392), adopted by the summit meeting of the CIS heads of State on 2 April 1999. The Council noted that the timetable envisaged in the decision regarding steps to be taken in the peace process remained unimplemented and that therefore the mandate of the CIS peacekeeping force had not yet been extended. The Council further decided that consultations should be conducted between the Russian Federation and the

Georgian side before 1 August 1999, with participation by the CIS Executive Committee, in order to elaborate measures for the implementation of the CIS decision of 2 April, including those concerning the extension of the mandate of the CIS peacekeeping force.

15. During the reporting period, each party to the conflict faced domestic pressure in connection with elections scheduled to be held this fall. The Abkhaz "presidential" elections will serve as a popular referendum on the leadership of Mr. Ardzinba. In the rest of Georgia, most political figures are focused primarily on the fall parliamentary elections and the spring 2000 presidential elections. The President's party, Citizens' Union of Georgia, is likely to face challenges from both the left and the right of the political spectrum, and also from the regions. Tamaz Nadareishvili, Chairman of the Supreme Council of the Autonomous Republic of Abkhazia, has formed a political party, the Party for the Liberation of Abkhazia, to contest the elections. In this climate, it is unlikely that the Government of Georgia will choose to take risky steps in the settlement process of the conflict in Abkhazia, Georgia.

III. OPERATIONS OF THE UNITED NATIONS OBSERVER MISSION IN GEORGIA

16. Since I last reported to the Security Council on 21 April 1999 (S/1999/460), UNOMIG has continued to carry out its mandate without structural or operational change. The concept of limited patrolling remains the basis of operations, while the team bases are closed. Despite this curtailed scope of operations, UNOMIG has been able to verify and report satisfactorily on the sides' compliance with the Moscow Agreement on a Ceasefire and Separation of Forces of 14 May 1994 (S/1994/583, annex I) and the Gagra Protocol of 25 May 1998 (S/1998/497, para. 4). In particular, in compliance with the decisions taken by the Coordinating Council on the separation of forces along the ceasefire line, UNOMIG has actively involved local commanders in implementing agreed measures on the ground through meetings, observation, reporting and protests. The persistence of UNOMIG has resulted in a significant reduction of strength and deployment of the armed personnel of the two sides, particularly the troops of the Georgian Interior Ministry, along the ceasefire line.

17. Substantial progress has been made towards setting up a joint investigation mechanism for violations of the 1994 Moscow Agreement, in pursuance of a decision taken by the fifth session of the Coordinating Council, held on 2 September 1998. Consistent negotiations were held at subsequent Coordinating Council meetings as well as at the meeting in Istanbul. They have resulted in the acceptance of a modified UNOMIG draft as a basis for the negotiations. Only one provision, concerning the scope of incidents to be investigated, remains contentious. While the final agreement is being negotiated, UNOMIG has already undertaken initiatives to involve representatives from all parties in joint investigations of several incidents of violence and alleged acts of terrorism on an ad hoc basis. This effort has contributed to keeping the situation under control, and more importantly to preventing wider escalation.

18. The road resurfacing and repair project is being pursued and the work is in varying stages of completion. On the M-27 road between Ochamchira and Gali Canal, a stretch of about 20 kilometres has been resurfaced and is now in good shape; further south on a stretch of 3 kilometres the road surfacing is in progress. The planned extension of this project into the lower Gali area, where the mine threat is greater, has started between Chuburkindzi and Nabakevi. The first stretch of about 8 kilometres between Chuburkindzi and Tageloni is finished. Once completed, this will allow much-needed access to the area for verification and monitoring in comparatively better security.

19. The deployment of the remaining 12 of 25 new ballistic-protected vehicles (RG-32 Scouts) was completed during May 1999, thereby enhancing further the operational flexibility of UNOMIG patrols in the areas of mine threat, especially in lower Gali.

20. The helicopter assigned to UNOMIG in June 1998 has continued to provide invaluable security back-up and operational support. The acquisition of another helicopter has been provided for in the current budget and procurement is under way. Upon deployment, this aircraft will further strengthen the air operations, especially the ability of UNOMIG to assist in medical evacuation.

21. As decided at the Istanbul meeting (see para. 7), Working Group I of the Coordinating Council, dealing with security matters, was convened by the Chief Military Observer in Tbilisi on 25 June 1999. It was the first meeting after one and half years of deadlock caused by objections by the Abkhaz side to the participation, as second members of the Georgian delegation, of persons affiliated with the structures of the Supreme Council of the Autonomous Republic of Abkhazia.

22. The Working Group decided, inter alia: that monthly meetings will be held, starting early August; that the number of law enforcement personnel on both sides will be brought in line with agreed levels; that all fortifications and positions along the line of separation will be dismantled by 10 July and no new positions will be occupied; and that the sides will propose by 10 July concrete measures for the withdrawal of forces and redeployment to rear positions. It is the intention of UNOMIG to pursue implementation vigorously despite the fact that the initial deadlines have not been kept.

IV. COOPERATION BETWEEN THE UNITED NATIONS OBSERVER MISSION IN GEORGIA AND THE COLLECTIVE PEACEKEEPING FORCES OF THE COMMONWEALTH OF INDEPENDENT STATES

23. The working relationship between UNOMIG and the CIS peacekeeping force has remained good, and close liaison is being maintained at all levels. The CIS peacekeeping force has provided security assistance with a quick reaction force. Regular exercises are being conducted and procedures are coordinated in order to maintain a high degree of readiness. Regular contact is being maintained to ensure exchange of information of mutual interest, especially concerning violent actions involving either the parties or the civilian population.

24. The CIS peacekeeping force has continued to conduct its operations mainly from static checkpoints, with limited mobile patrolling. However, it has displayed active interest in implementing the separation of opposing forces along the ceasefire line and cooperated in ad hoc investigations of incidents of violence. The targeting of the CIS peacekeeping force by partisan groups has decreased. Most of the CIS peacekeeping force was rotated during April and May 1999.

V. SITUATION ON GROUND

A. General

25. The general situation in the conflict zone has remained calm but unstable. The situation along the ceasefire line has shown considerable improvement and the incidents of exchanges of fire have been reduced even more as a result of the Mission's success in separating the opposing forces further. Despite apprehensions and widespread rumours of an impending escalation, the anniversary of the events of May 1998 passed without any major incident, owing in no small part to the moderation generated by the Mission's active liaison down to the lowest level on the ground. On the other hand, terrorist activities by so-called "uncontrolled" partisan groups, particularly in the lower Gali area, have not ceased and the Abkhaz militia continues to be targeted. Criminal activities are on the increase and insecurity is now spreading towards the northern restricted-weapons zone, especially after the two recent cases there in which mines targeted civilian traffic, causing several deaths. The Moscow Agreement is violated by random acts of deployment of prohibited weapons, mine incidents and denial of access to patrols, which continue despite protests by UNOMIG. While each of these violations in itself is not of major significance, seen together they provide a disturbing picture of lack of respect for the security regime. During the spring season a higher movement of refugees to the Gali region was observed, and many IDPs have taken up semi-permanent residence. The school holidays at the onset of summer have also seen a significant increase in the numbers of children returning to their homes, primarily to lower Gali.

B. Security and restricted-weapons zones

26. The Abkhaz unilateral initiative to facilitate the return of refugees and displaced persons to the Gali region has met a fair response from the displaced population and an increased number of returnees have used the opportunity to cultivate their lands. However, this is assessed as a temporary phenomenon as the lack of security guarantees and an absence of a supporting infrastructure inhibits their move on a permanent basis. As reported earlier (S/1999/460, para. 19), the potential returnees do not have confidence in the prevailing security arrangements in the area. The situation essentially remains unchanged, even though there has been some success in efforts of the Abkhaz authorities to curb criminal acts.

27. The M-27 was blocked yet again between 18 June and 9 July 1999, by protesters on the Georgian side of the Inguri Bridge, when a group of 25 persons, most from the same family, established a camp on 18 June to press their

demands for the release of three brothers detained in Sukhumi prison since May 1998. The blockade, which violated the Mission's freedom of movement, along with the denial of access to the heavy-weapons storage site in Ochamchira and to the Torsa training camp, are of concern to UNOMIG and adversely effect its peacekeeping operation.

28. Terrorist groups have remained active particularly in the lower Gali area and have mostly targeted the Abkhaz militia, but increasingly also the civilian population. The mine threat in the lower zone receded somewhat and a few UNOMIG exploratory ground patrols, within the limited patrolling concept, were successfully launched. During the reporting period, 2 Abkhaz militiamen and 12 civilians were killed and 5 Abkhaz militiamen and 20 civilians were injured in incidents of violence in Abkhazia, while two Georgian civilians were killed and one injured. It is assessed that the continued presence and activities of these terrorist groups are the main contributing factors towards instability and tension in the conflict zone. The groups appear increasingly to be targeting uniformed and civilian Abkhaz personnel who have established a good reputation with locals in the Gali region.

29. The situation along the ceasefire line has shown considerable improvement. Both sides have exercised greater restraint and the frequency of exchanges of fire across the line has decreased considerably. The situation in the area of Gan Mukhuri and Orsantia is more stable as the Georgian Interior Ministry troops have either pulled back their defensive positions or reduced their strength in accordance with the agreement reached at the seventh session of the Coordinating Council, held on 11 February 1999. The Chief Military Observer continues with his efforts to bring about still greater and simultaneous separation of forces to the levels existing as of January 1998, i.e., before the introduction of additional troops into the zone.

30. UNOMIG continues to observe the occasional presence of prohibited weapons in the security zone; however, neither the quality nor the quantity of the weapons gives rise to grave concern. Although UNOMIG reports these observations to the parties and registers protests, the response to the protests remains casual.

C. Kodori Valley

31. Access to the upper Kodori Valley remains impossible by road because of the destroyed bridge on the route from Sukhumi and the closure of the mountain pass along the route from Zugdidi. An exploratory patrol along the latter route was robbed at gunpoint on 10 May 1999 and for that reason the road is not used to patrol for the time being. Following that incident the local authorities in the Georgian-controlled part of the valley expressed displeasure with the UNOMIG efforts to report and pursue the perpetrators through the Zugdidi police. This is clearly unacceptable and it is expected that the authorities will cease the implied threats immediately. No progress has been made on repair of the bridge, which would enable ground patrols to access the entire valley through the Abkhaz side. Therefore, reliance continues to be placed on the helicopter for patrolling in the Georgian-controlled part of the valley, while ground patrols are launched into the Abkhaz part. The situation in the area has been calm;

however, the efforts of UNOMIG to facilitate a meeting between Abkhaz and Georgian military leaders have met with resistance because of the lack of willingness by the sides to agree on an acceptable date and place. The team base at Ajara remains closed and its temporary reopening is still under review.

VI. SECURITY ARRANGEMENTS

32. The security and safety of UNOMIG personnel continue to receive the highest priority and consideration. In addition to the robbery of UNOMIG personnel on the approach to Kodori Valley, as noted above, there was an explosion at the fence of the Mission's headquarters at Sukhumi in the early hours of 9 July. Although both incidents did not involve any threat to lives, they have been taken very seriously by UNOMIG. Furthermore, cases of theft of UNOMIG property have occurred, mostly in Sukhumi at premises guarded by Abkhaz authorities. This is an alarming trend and UNOMIG is pursuing better security arrangements with the local authorities who must honour their obligations more actively. The relative calm along the ceasefire line and progress achieved in separation of forces have reduced the risk of UNOMIG operational patrols being caught in crossfire.

33. The existing security arrangements continue to be in place at the UNOMIG headquarters and installations, although some easing was authorized by the Chief Military Observer following a comprehensive review. The presence of lightly armed international security officers and additional local watchmen has augmented the existing internal security arrangements. Meanwhile, UNOMIG continues to rely on the local administrative and law enforcement structures, and on the CIS peacekeeping force for the security and safety of its personnel and property. The parties have been eager to cooperate and have extended the necessary assistance when called upon to do so. Liaison is being maintained with them to further improve their response and to investigate more energetically incidents involving UNOMIG personnel and property. The CIS peacekeeping force is aware of its responsibility for providing assistance for the security and protection of UNOMIG under the Moscow Agreement of 1994 and conducts regular exercises to assure the continuing prompt availability of this assistance.

34. In the case of the murder of UNOMIG staff member Maria Magdalena Wewiorska, the suspected perpetrator, who was arrested on 6 August 1998 and subsequently confessed to the murder, was tried in court in Tbilisi, convicted and sentenced on 22 March 1999 to life imprisonment. An Appeals Court has meanwhile confirmed the judgement.

VII. HUMANITARIAN SITUATION AND HUMAN RIGHTS

35. Humanitarian assistance to many of the most vulnerable civilians in Abkhazia, Georgia, continues to be addressed through the ongoing programmes of international and non-governmental organizations.

36. The International Committee of the Red Cross (ICRC) continues to provide some 16,500 persons with dry food rations every three months. Additionally,

ICRC continues to operate 19 canteens serving 5,500 persons daily. The organization also provides agricultural inputs such as fertilizer and seeds to some 12,000 persons. In the medical sector, it continues to provide three Sukhumi polyclinics with medicines and five medical facilities with all required surgical materials. ICRC also runs regular refresher courses for doctors. Medecins sans Frontieres-France continues to provide drugs to 42 medical points in Abkhazia. It reopened its tuberculosis programme and in collaboration with Premiere Urgence is undertaking repairs of the TB hospital. Acción contra el Hambre continues its daily feeding programme serving 3,000 vulnerable people, as well as its dry food distribution to 4,500 vulnerable people. This year, it began an agricultural support programme for farmers. Part of the farmers' harvest will be used to provide its canteens with fresh vegetables. The programme is funded by the European Community Humanitarian Office.

37. United Nations Volunteers supports a recently opened NGO resource centre in Sukhumi which has hosted capacity-building training workshops and a media training course for journalists. The Youth House in Sukhumi, implemented by the United Methodist Committee on Relief with support from the United States Agency for International Development (USAID), continues its operations. During the reporting period, USAID also sponsored a summer camp for 120 children in Pitsunda. Twenty Abkhaz children will join 20 Georgian children in a summer camp to be held in the United States of America.

38. Demining activities under the auspices of HALO Trust continue in Abkhazia, principally in the Sukhumi and Gali areas. Since 1 January 1999, HALO Trust has removed more than 500 mines and, during the reporting period, it has also been conducting a mine awareness programme. Some 1,800 children and 500 adults have received training. Additionally, HALO Trust is carrying out minefield marking. Over 1,000 danger signs have been posted around hazardous areas, principally in the area of Ochamchira. An information centre has been established with local counterparts, and it is envisaged that all mine information will be transferred to computer maps and will be available for all when completed.

39. In Gali and Sukhumi, field staff from the Office of the United Nations High Commissioner for Refugees (UNHCR) continue protection monitoring activities in those parts of the district where the security situation permits. During the reporting period, this has included areas of lower Gali for the first time since the renewal of hostilities in May 1998. Based on this monitoring, it appears that the number of spontaneous returns to all areas of Gali has increased with the advent of the agricultural season.

40. While UNHCR, in coordination with UNOMIG, will continue to monitor spontaneous returns as well as the condition of civilians in Gali, it will not provide material assistance in the region, except on a life-sustaining and/or case-by-case basis, until firm agreements are reached by the parties to the conflict regarding security guarantees and modalities of return.

41. The Office for the Coordination of Humanitarian Affairs continues to monitor the overall humanitarian situation and advocate freedom of movement for humanitarian aid workers. During the reporting period, the blockade of the Inguri River bridge negatively affected humanitarian programmes by limiting supplies.

42. The primary concerns for the United Nations Human Rights Office in Abkhazia, Georgia continue to be threats to the right to life, threats to liberty and security of person, and the conditions of IDPs. During the reporting period, direct threats to the right to life of civilians, in which the Abkhaz militia has been implicated, have decreased. However, the Abkhaz authorities have often been slow to investigate these and other allegations. The Office is also concerned about the increased use of anti-tank and anti-personnel mines in the UNOMIG area of responsibility. The Abkhaz authorities have detained and arrested several persons on suspicion of partisan activities during the conflict. No formal detention and arrest procedures were followed, nor do the prisoners generally have any access to legal counsel or family visits. Reports continue to be received that prison guards in the Sukhumi Interior Prison beat and harass the prisoners. Finally, the Abkhaz authorities have been reluctant to provide security for the returnees.

43. The Office continues to participate routinely in UNOMIG patrols to the Gali and Zugdidi regions. In connection with a pending technical cooperation project, it has established four depository libraries in Sukhumi and eight throughout Abkhazia for United Nations human rights instruments and materials. Furthermore, the Office maintains close relations with authorities and non-State actors in Tbilisi, as well as with the de facto authorities and local non-governmental organizations in Sukhumi.

VIII. SOCIAL AND ECONOMIC ASPECTS

44. Since the last report, the Georgian lari (GEL) has strengthened somewhat in relation to the United States dollar, fluctuating between GEL 1.95 and GEL 2.05 per dollar. To a limited extent, the National Bank has participated in the currency market as a purchaser of dollars.

45. Although some stabilization has occurred in the economy of the Russian Federation, Georgia continues to experience negative effects on its economy from the August 1998 crisis in the Russian Federation and the instability of the global economy in 1998. Exports to the Russian Federation, which represent almost 30 per cent of Georgia's total exports, continue to be sharply off their pre-financial crisis level, thus severely affecting the country's trade balance and contributing to the pressure on the value of the lari. According to the State Statistics Department, industrial output in the first quarter decreased 4.3 per cent relative to the same period in 1998. The output for small and medium-sized enterprises, on the other hand, increased by 11 per cent during the first quarter relative to the preceding year. Also auguring well is the fact that the Baku-to-Supsa oil pipeline became fully operational with an approximate outflow of 150,000 barrels per day.

46. Within this mixed economic climate, tax collection continues to fall short of expected levels, thus negatively affecting the Government's capacity to finance budgetary expenditures. Targeted levels of disbursements for social expenditures, particularly in the health sector, continue to be fallen short of. However, the President has indicated that the Government intends to take strong countermeasures to drastically improve tax collection. In line with this intent, the creation of a special anti-corruption commission under the direct

supervision of the President is being considered as a means of increasing the Government's capacity to curb corruption and facilitate the adoption of a law regulating conflict of interest in public administration. An excise system applicable to the sale of cigarettes and spirits is also in the process of implementation.

47. In the light of the Government's continuing fiscal and economic reforms, the World Bank has approved a development credit line for Georgia with an approximate value of US$ 60.0 million.

IX. FINANCIAL ASPECTS

48. The General Assembly, by its resolution 53/232 of 8 June 1999, appropriated an amount of $31,000,479 gross, equivalent to $2,583,373 per month, for UNOMIG for the period from 1 July 1999 to 30 June 2000. The assessment of these amounts is subject to the decision of the Security Council to extend the mandate of the Mission.

49. Should the Security Council decide to extend the mandate of UNOMIG beyond 31 July 1999, as recommended in paragraph 57 below, the cost of maintaining the Mission until 31 January 2000 would be limited to the monthly amounts approved by the General Assembly.

50. As at 30 June 1999, unpaid assessed contributions to the UNOMIG Special Account amounted to $8.0 million. The total of outstanding assessed contributions for all peacekeeping operations at that date amounted to $1.5 billion.

X. OBSERVATIONS

51. While achieving progress in the negotiations process aimed at the comprehensive settlement of the conflict in Abkhazia, Georgia, continues to be difficult, contacts between the sides at all levels have continued to grow during the reporting period. This is attributable primarily to the determined efforts of my Special Representative, supported by the Russian Federation as facilitator, as well as the group of Friends of the Secretary-General, in insisting to the sides that continuation of the status quo is not an acceptable option, and in encouraging and logistically facilitating bilateral contacts in the fields of culture, humanitarian issues and economic cooperation, as well as on political questions.

52. Local-level contacts are extremely important for the peace process as a whole. Concrete projects that create jobs, open new avenues for economic cooperation, provide the chance to share cultural experience or offer more balanced media coverage work both to break down psychological barriers and to create a vested interest in a shared, peaceful and prosperous future together.

53. The two meetings on confidence-building measures held to date, in Athens and in Istanbul, were of key importance in developing contacts and in the elaboration of concrete projects for cooperation. Some measures have already

been implemented and both sides should work assiduously towards full implementation of all agreements reached at those meetings. The revival of the working groups within the framework of the Coordinating Council is particularly noteworthy and will provide an additional ongoing forum for discussion, cooperation and implementation.

54. At the same time, the key issues of the settlement process remain unresolved. It is imperative that the Georgian and Abkhaz sides understand that the international community expects substantive progress. It is time for each side to demonstrate the necessary political will to take a major step forward, namely, to reach agreement on the return of refugees and IDPs to the Gali district in its old borders and measures for the economic rehabilitation of Abkhazia, Georgia. The international community should be ready to provide support for the implementation of such an agreement. Still, such an agreement will be only the first step towards the ultimate goal: the comprehensive political settlement of the conflict in Abkhazia, Georgia.

55. In the security field, the recent improvements in the security situation along the line of separation of forces and the efforts of the sides to produce these improvements are noted with approval, but the full separation of forces, in accordance with the Moscow Agreement and the 24 September 1998 Protocol, remains to be accomplished. I call upon the sides to take immediate steps to implement the decisions towards this end reached by Working Group I of the Coordinating Council at its session on 25 June 1999.

56. Furthermore, it is expected that the sides will reach agreement on, and sign, the "Protocol concerning a Joint Group for Establishment of Facts concerning Violations of the Moscow Agreement of 14 May 1994 and Terrorist and Subversive Acts".

57. UNOMIG, through its monitoring presence on the ground and its sustained efforts within the peace process, continues to play an essential role in the stabilization of the situation in Abkhazia, Georgia, and in the search for a peaceful solution to the conflict. I therefore recommend that the Security Council extend the mandate of UNOMIG for a further six-month period, ending on 31 January 2000.

58. As Mr. Bota is taking on a new position outside the Organization, I have accepted his resignation as my Special Representative effective 31 July. After many years of service with the United Nations, often in very challenging and difficult assignments, among which I count his last two years as my Special Representative for Georgia, I wish to thank him for his services and for his exemplary loyalty and dedication to the ideals of the United Nations. I will be reverting to the Security Council regarding the issue of Mr. Bota's succession in due course.

Annex

Composition of the United Nations Observer Mission in Georgia as at 30 June 1999

Country	Military observers
Albania	1
Austria	5
Bangladesh	7
Czech Republic	4
Denmark	5
Egypt	3
France	5
Germany	10
Greece	4
Hungary	5
Indonesia	4
Jordan	6
Pakistan	7
Poland	4
Republic of Korea	3
Russian Federation	3
Sweden	5
Switzerland	4
Turkey	5
United Kingdom of Great Britain and Northern Ireland	7
United States of America	2
Uruguay	3
Total	102

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